

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

<div data-bbox="1300 338 1419 436" data-label="Text"><p>C</p></div> <div data-bbox="505 520 876 640" data-label="Text"><p>WS-02672A Cloud Nine Water Company Inc. 96 Bel Aire Pl., Ste 140 Sierra Vista, AZ 85635</p></div> <div data-bbox="1052 699 1360 741" data-label="Text"><p>RECEIVED</p></div> <div data-bbox="1047 837 1357 875" data-label="Text"><p>ACC UTILITIES DIRECTOR</p></div>

ANNUAL REPORT
Water – Sewer

FOR YEAR ENDING

12	31	2009
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FOR COMMISSION USE

ANN 04	09
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4-23-10

COMPANY INFORMATION

Company Name (Business Name) CLOUD NINE WATER COMPANY, INC.

Mailing Address 96 BEL AIRE PLACE, STE 140
(Street)

SIERRA VISTA
(City)

AZ
(State)

85635
(Zip)

520-4581311

Telephone No. (Include Area Code)

520-4584532

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address as above
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

☐ Regulatory Contact:

☒ Management Contact: ANDREW STOKES SECRETARY
(Name) (Title)

as above
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

On Site Manager: BECKI JONHEWARD
(Name)

as above
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

Statutory Agent: EUGENE C. GIESELER
(Name)

3040 E. SUNRISE DR, STE 200 TUCSON AZ 85718
(Street) (City) (State) (Zip)

520-792 1181 520-792 2859
Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Attorney: as above
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

CLOUD NINE WATER COMPANY, INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	50,000	22,604	27,396
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	41,062	20,016	21,046
311	Pumping Equipment	119,227	52,095	67,132
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,755	53,005	5,750
331	Transmission and Distribution Mains	23,805	21,484	2,321
333	Services			
334	Meters and Meter Installations	315	294	21
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,485	1,336	149
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	294,649	170,834	123,815

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

CLOUD NINE WATER COMPANY, INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	50,000	2.5%	1,250
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	41,062	4.5%	1,830
311	Pumping Equipment	119,227	2.45% SL7	5,285
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,755	5%	2,938
331	Transmission and Distribution Mains	23,805	5%	1,190
333	Services			
334	Meters and Meter Installations	315	—	—
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,485	5%	74
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	294,649		12,567

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME

CLOUD NINE WATER COMPANY, INC.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 3,826	\$ 3,905
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	11	1,531
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	318	
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 4,155	\$ 5,436
	FIXED ASSETS		
101	Utility Plant in Service	\$ 293,221	\$ 294,649
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(153,267)	(170,334)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 134,954	\$ 123,315
	TOTAL ASSETS	\$ 139,109	\$ 129,251

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

CLOUD NINE WATER COMPANY, INC.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	43,089	76,442
235	Customer Deposits		
236	Accrued Taxes	87	74
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 43,176	\$ 76,516
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 43,176	\$ 76,516
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 200,000	\$ 200,000
211	Paid in Capital in Excess of Par Value	3,503	3,503
215	Retained Earnings	(107,570)	(150,763)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 95,932	\$ 52,735
	TOTAL LIABILITIES AND CAPITAL	\$ 139,109	\$ 129,251

COMPANY NAME

CLOUD NINE WATER COMPANY, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 20,471	\$ 19,664
460	Unmetered Water Revenue		
474	Other Water Revenues	1,572	1,160
	TOTAL REVENUES	\$ 22,043	\$ 20,824
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	12,146	11,846
618	Chemicals	646	722
620	Repairs and Maintenance	814	2,616
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing	2,973	4,199
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	1,621	2,155
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1,006	808
403	Depreciation Expense	12,466	12,567
408	Taxes Other Than Income		
408.11	Property Taxes	1,860	1,743
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 33,532	\$ 36,656
	OPERATING INCOME/(LOSS)	\$ (11,489)	\$ (15,832)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses *	31,774	27,364
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ (31,774)	\$ (27,364)
	NET INCOME/(LOSS)	\$ (43,263)	\$ (43,196)

* Payments to City of Sierra Vista Sewer

COMPANY NAME CLOUD NINE WATER COMPANY, INC.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$

Meter Deposits Refunded During the Test Year \$

COMPANY NAME	CLOUD NINE WATER COMPANY, INC.
Name of System: CLOUD NINE WATER	ADEQ Public Water System Number: A20402009

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
	30			4"		
	40			4"		

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		
15	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
300,000	1	5,000	2

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	CLOUD NINE WATER COMPANY, INC.
Name of System: CLOUD NINE WATER	ADEQ Public Water System Number: A2 0402009

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	4"	400
3		500
4		
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	44
3/4	
1	
1 1/2	2
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

BOOSTER PUMPS - 1x 5HP, 1x 15HP
 STORAGE TANKS - 1x 300,000 GALS
 PRESSURE TANKS - 2x 5,000 GALS
 CHLORINATOR

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	CLOUD NINE WATER COMPANY, INC
Name of System:	CLOUD NINE WATER ADEQ Public Water System Number: A20402009

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY			N/A *	
FEBRUARY				
MARCH				
APRIL				
MAY				
JUNE			675,300 (PART-MONTH)	
JULY			1,659,300	
AUGUST			2,402,400	
SEPTEMBER			2,082,900	
OCTOBER			1,874,000	
NOVEMBER			2,238,500	
DECEMBER			1,599,000	
TOTALS →				

* Not available due to ongoing meter repairs.

What is the level of arsenic for each well on your system? <0.001 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(X) Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (X) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	CLOUD NINE WATER COMPANY, INC
Name of System:	CLOUD NINE WATER ADEQ Public Water System Number: A20402001

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		-	
MARCH		1	
APRIL		-	
MAY		-	
JUNE		1	
JULY		-	
AUGUST		2	
SEPTEMBER		-	
OCTOBER		1	
NOVEMBER		-	
DECEMBER		1	
TOTALS →		7	

OTHER (description):

COMPANY NAME		CLOUD NINE WATER COMPANY, INC
Name of System:	CLOUD NINE WATER	Wastewater Inventory Number (if applicable): N/A

WASTEWATER COMPANY PLANT DESCRIPTION
TREATMENT FACILITY

TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	
DESIGN CAPACITY OF PLANT (Gallons Per Day)	

LIFT STATION FACILITIES

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)

FORCE MAINS

Size	Material	Length (Feet)
4-inch		
6-inch		

MANHOLES

Type	Quantity
Standard	
Drop	

CLEANOUTS

Quantity

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME		CLOUD NINE WATER COMPANY, INC
Name of System:	CLOUD NINE WATER	Wastewater Inventory Number (if applicable): N/A

WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS

Size (in inches)	Material	Length (in feet)
4		
6		
8		
10		
12		
15		
18		
21		
24		
30		

SERVICES

Size (in inches)	Material	Quantity
4		
6		
8		
12		
15		

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY PER WASTEWATER SYSTEM

SOLIDS PROCESSING AND HANDLING FACILITIES	
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.)	
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	
STRUCTURES (Buildings, Fences, Etc.)	
OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME		CLOUD NINE WATER COMPANY, INC
Name of System:	CLOUD NINE WATER	Wastewater Inventory Number (if applicable): N/A

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE PER WASTEWATER SYSTEM

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	
Groundwater Permit Number	
ADEQ Aquifer Protection Permit Number	
ADEQ Reuse Permit Number	
EPA NPDES Permit Number	

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME:	CLOUD NINE WATER COMPANY, INC
Name of System:	CLOUD NINE WATER Wastewater Inventory Number (if applicable): N/A

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2- 609.B	Termination with Notice R14-2- 609.C	OTHER
JANUARY		*	
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTALS →			

* see page 13.

OTHER (description):

COMPANY NAME CLOUD NINE WATER COMPANY, INC YEAR ENDING 12/31/2009

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2009 was: \$ 1,742.83

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	<u>COCHISE</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>N.G. NOVASIC, PRESIDENT</u>
COMPANY NAME	<u>CLOUD NINE WATER COMPANY, INC.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2009</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

N.G. Novasic
SIGNATURE OF OWNER OR OFFICIAL
520-458-1311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

COUNTY NAME	
MONTH	<u>20</u>

(SEAL)

Please See Attached
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES _____

Signature page
and certificate
bear embossment

CALIFORNIA JURAT WITH AFFIANT STATEMENT

- ☒ See Attached Document (Notary to cross out lines 1-6 below)
☐ See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

State of California

County of San Francisco

Subscribed and sworn to (or affirmed) before me on this

12th day of April, 2010, by
Date Month Year

(1) Nicholas John Novacic,
Name of Signer

proved to me on the basis of satisfactory evidence
to be the person who appeared before me (.) (.)

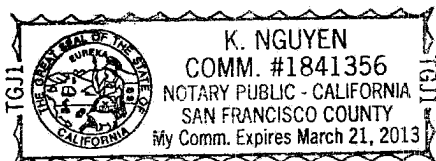
(and

(2) none,
Name of Signer

proved to me on the basis of satisfactory evidence
to be the person who appeared before me.)

Signature

Signature of Notary Public



Place Notary Seal Above

OPTIONAL

*Though the information below is not required by law, it may prove
valuable to persons relying on the document and could prevent
fraudulent removal and reattachment of this form to another document.*

Further Description of Any Attached Document

Title or Type of Document: Verification & Sworn Statement

Document Date: April 12th, 2010 Number of Pages: 1

Signer(s) Other Than Named Above: none

RIGHT THUMBPRINT
OF SIGNER #1
Top of thumb here

RIGHT THUMBPRINT
OF SIGNER #2
Top of thumb here

Signature page
and certificate
bear embossment.

COMPANY NAME CLOUD NINE WATER COMPANY, INC YEAR ENDING 12/31/2009

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (17,362)
Estimated or Actual Federal Tax Liability -

State Taxable Income Reported (17,362)
Estimated or Actual State Tax Liability -

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Nicholas J. Novacic
SIGNATURE

4/12/10
DATE

NICHOLAS J. NOVACIC
PRINTED NAME

PRESIDENT
TITLE

Notary Please See Attached

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Francisco

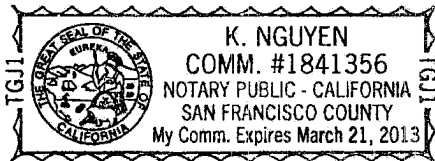
On April 12th, 2010 before me, K. Nguyen, Notary Public,
Date Here Insert Name and Title of the Officer

personally appeared Nicholas John Novacic
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature [Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Income taxes

Document Date: April 12th, 2010 Number of Pages: 1

Signer(s) Other Than Named Above: none

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>COCHISE</u>
NAME (OWNER OR OFFICIAL) TITLE <u>N.T. NOVASIC, PRESIDENT</u>
COMPANY NAME <u>CLOUD NINE WATER COMPANY, INC.</u>

ACC UTILITIES DIRECTOR

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2009 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 21,763

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 940
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

N.T. Novasic
SIGNATURE OF OWNER OR OFFICIAL
520-458-1311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

--

DAY OF

COUNTY NAME	
MONTH	.20__

(SEAL)

MY COMMISSION EXPIRES _____

Please See Attached
SIGNATURE OF NOTARY PUBLIC

Signature page
and certificate
bear embossment

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED
6-27-2010
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) COCHISE	
NAME (OWNER OR OFFICIAL) N. J. NOVASIC	TITLE PRESIDENT
COMPANY NAME CLOUD NINE WATER COMPANY, INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2009

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2009 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 14,078

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 608
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

N. J. Novasic
SIGNATURE OF OWNER OR OFFICIAL
520-458-1311
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

--

DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	20__

(SEAL)

MY COMMISSION EXPIRES

Please See Attached
SIGNATURE OF NOTARY PUBLIC

Signature page
and certificate
bear embossment.

CALIFORNIA JURAT WITH AFFIANT STATEMENT

☒ See Attached Document (Notary to cross out lines 1-6 below)

☐ See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

State of California

County of San Francisco

Subscribed and sworn to (or affirmed) before me on this

12th day of April, 2010, by
Date Month Year

(1) Nicholas John Navasic,
Name of Signer

proved to me on the basis of satisfactory evidence
to be the person who appeared before me (.) (,)

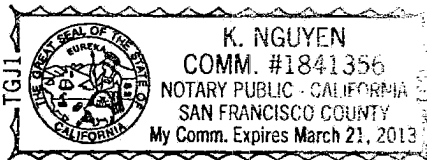
(and

(2) none,
Name of Signer

proved to me on the basis of satisfactory evidence
to be the person who appeared before me.)

Signature _____

Signature of Notary Public



Place Notary Seal Above

OPTIONAL

*Though the information below is not required by law, it may prove
valuable to persons relying on the document and could prevent
fraudulent removal and reattachment of this form to another document.*

Further Description of Any Attached Document

Title or Type of Document: Verification & Sworn Statement

Document Date: April 12th, 2010 Number of Pages: 1

Signer(s) Other Than Named Above: none

RIGHT THUMBPRINT
OF SIGNER #1

Top of thumb here

RIGHT THUMBPRINT
OF SIGNER #2

Top of thumb here

Signature page
and certificate
bear embossment.

CALIFORNIA JURAT WITH AFFIANT STATEMENT

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Date Month Year

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Name of Signer

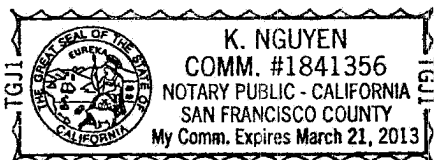
proved to me on the basis of satisfactory evidence
to be the person who appeared before me (.) (.)

(and

(2) none,
Name of Signer

proved to me on the basis of satisfactory evidence
to be the person who appeared before me.)

Signature _____
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

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RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here

Signature page
and certificate
bear embossment



Capture Date: 04/30/2009 Sequence #: 8292690070

107-50-2939 etc 1939

CLOUD 9 WATER COMPANY, INC.
96 BEL AIRE PL STE 140
SIERRA VISTA, AZ 85635

DATE 4/27/09 91-170/1221 AZ 8524

PAY TO THE ORDER OF Cochise County Treasurer \$ 853.94

Eight hundred fifty three and 94/100 DOLLARS

Bank of America

ACH/B/T 122101708

FOR 2008 2nd half taxes L Jean Mitchell

⑈001939⑈ ⑈122101706⑈ 000073784184⑈ ⑈0000085394⑈

06218812 4-28-09 68-63-7
5440510267

Electronic Endorsements

Date	Sequence	Bank #	BOFD	TRN	BankName
04/30/2009	008292690070	121103886	N	N	BANK OF AMERICA, NA
04/29/2009	005440510267	111901331	Y	Y	JPMORGAN CHASE BANK,
04/30/2009	007080130566	111901331	N	N	JPMORGAN CHASE BANK,

No Payee Endorsements Found



Online Banking

Business Economy Chk - 4184 : Account Activity

Transaction Details:

Description: Check 1980

Posting date: 11/04/2009

Amount: \$888.89

Reference Number: 89392824667

Check number: 1980

Account number: DDA-4184

Please Note: Only items posted to your account within the newest 180 calendar days will be available online.

Check Image:

09-107-50-292.7 el 1980

CLOUD 9 WATER COMPANY, INC.
36 BELAIRE PL. STE 140
SIERRA VISTA, AZ 85835

DATE 10/30/09 91-170/1201 AZ 8584

PAY TO THE ORDER OF Marsha Bonham - Cochise County Treasurer \$ 888.89

Eight hundred eighty-eight and 89/100 DOLLARS

Bank of America
ACH R/T 122101706

FOR 1st half prop. tax R Dean Mitchell

⑆001980⑆ ⑆122101706⑆ 000073784184⑆ ⑆0000088889⑆